

~~SESSIONAL PAPER NO. 2 OF 2002~~
REVIVAL OF KENYA MEAT COMMISSION

1. The following information is laid before Parliament, in accordance with the requirements of the Government Financial Regulations and Procedures, for consideration and approval.

2. The Kenya Meat Commission (KMC) is currently under receivership and heavily indebted to the Government and a number of institutions including the Mitsubishi Corporation (UK) PLC.

3. As at 30th June 2001, the total amount due to the Mitsubishi Corporation was Kshs.372, 316,760. The amount was due on account of agreements signed in 1992 for financing of equipment utilized to rehabilitate the Athi River Factory. The initial amount of the loan was US\$.3.3 million and was borrowed by the Commission without a Government guarantee. The loan was lent to the Commission at an interest rate of LIBOR plus 2% and was repayable in 60 monthly instalments commencing March 1997. Neither the principal instalments nor interest payments have been made to date. The Mitsubishi Corporation has a chattel mortgage

on the equipment purchased using the loan. The equipment is spread throughout the plant making it difficult to make any progress on the revitalization of the plant before agreeing on the settlement of their loan.

4. In a meeting held in March 2002 the Cabinet discussed measures relating to the revival of Kenya Meat Commission and approved assumption of the Mitsubishi loan and write off of the amount from the Kenya Meat Commission books.
5. To release the KMC assets from the chattel mortgage so as to facilitate revival of the plant, the National Assembly is requested to note the total amount of Kshs.372,316,760 owed by KMC to Mitsubishi Corporation PLC as at 30th June 2001 and any interest accrued after 30th June 2001 on account of the amount and to provide approval for the Government to assume the debt and subsequently write off the amount from KMC's books.



CHRISTOPHER M. OBURE, E.G.H., M.P.
MINISTER FOR FINANCE

17th April 2002